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CERTIFIED PUBLIC MANAGER PROJECT

HOUSING INSPECTIONS



South Carolina State Housing Finance and Development Authority
919 Bluff Road
Columbia, South Carolina 29201

Submitted by Valarie M. Williams

willy@sha.state.sc.us

(803) 734-2250

Fax – (803) 253-6884

Approved by W. Turner Styons W. Turner Styons

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STATE DOCUMENTS

HOUSING INSPECTIONS

In 1991, the Governor designated the SC State Housing Finance and Development Authority (the Authority) to administer a new federal housing program for the economically disadvantaged on behalf of the State of South Carolina called the HOME Investment Partnerships Program (HOME). The HOME program is designed to increase affordable housing by developing partnerships between federal and state governments, units of local governments, nonprofit and for-profit organizations, lenders as well as community groups in an effort to leverage various sources of funding for housing strategies. In 1992, the Authority placed the HOME Program under the Housing Initiatives Division (the Division) where approximately \$11M of HOME funds is allocated annually.

The mission of the Authority is to promote and provide safe, decent, and affordable housing for the citizens of South Carolina. In keeping with that mission, it is the Division's responsibility to ensure that all housing units assisted with HOME funds meet or exceed agency standards.

In 1993, the first year of housing production in the HOME program, two Inspectors were assigned to the Division to perform statewide housing inspections. The purpose of this position fulfilled dual roles: 1) to ensure that the housing met with housing codes as well as agency standards, and 2) to ensure compliance with HOME regulations that require the funds be dispersed on a reimbursable basis only.

In February of 1998, one of the Inspectors tendered his resignation and left the agency. This vacant position was transferred to another area within the agency which left the Division with the services of only one Inspector. The Division's remaining Inspector

inspects 100% of the units assisted with HOME funds. These units are in various stages of construction/rehabilitation and require the Division Inspector's approval prior to the release of any HOME funds by the Division. This is problematic in that these units are not in one concentrated area, but statewide. The average number of units assisted is approximately 513 annually. The average number of visits per unit is three for single-family units and five for multi-family units. The average monthly mileage driven last year was 3,700. The average number of requests for inspections that are delayed is 18 per month. Delayed inspections are defined as those requests for inspections that have been submitted to the Division by the recipient, but the Division Inspector cannot schedule and conduct an on-site inspection within one week (five business days) of receipt.

The issues that will be analyzed with this project are the reason(s) for the ever-increasing miles driven by the Division Inspector and the timeliness of inspections made by the Inspector. An acceptable resolution would entail decreasing the total miles traveled by the Inspector, while simultaneously ensuring the timeliness of inspections for all recipients.

The first and largest contributing factor that accounts for the constancy of the inspection duties for the Division Inspector is the Authority/Division's responsibility to comply with federal regulations. The HOME regulation found at CFR 92.92.504(c)(3)(viii) prohibits the distribution of funds until they are needed for the payment of eligible program costs. This regulation requires the Division Inspector to physically verify all construction/rehabilitation completed (work-in-place) against the HOME funds requested, to ensure that at a minimum, they are equal. This situation tends to become more complex when award recipients (or their contractors) lack sufficient working capital to complete units without being reimbursed by the Division. Because the vast majority of the recipients belong in this category, each unit is subsequently inspected an average of three to five times, depending on the type of project. Furthermore, due to the skill level required for this position, other Division personnel could not assist the Inspector with these duties even if their time allowed.

A second contributing factor as it relates to job responsibilities and the completion of inspections is the number of persons performing this function. In February of 1998 when the second Division Inspector left the agency, there was an automatic shift of duties to the lone Division Inspector. In an instant, the Division Inspector inherited all HOME inspections, which accounted for approximately 239 additional units. In March of 1998, the Division was able to temporarily share the services of the agency's other Inspector who was housed in another division at the Authority. This option was aborted after about nine months due to the Inspector's lack of consistency with federal and other program requirements (the HOME housing requirements are more restrictive than the Inspector's existing program requirements) as well as other personnel related issues. Since 1999, the

other Inspector's workload has consistently increased as well, thus, lowering the possibility of inspection assistance to the Division in the future.

In order to get a more accurate picture of the Division's inspections, a historical unit and mileage analysis as well as an inspection analysis was conducted to ascertain what if any other factors contributed to total mileage driven or inspection delays. A specific review of the following areas was conducted: 1) total miles driven prior to the Division's second Inspector's departure (1997); 2) total miles driven with the temporary services of the other Inspector (1998); 3) total miles driven thereafter (1999-2000); 4) total number and location of units awarded (1997-2000); 5) the number of delayed inspections; and 6) recipient/customer feedback regarding inspections.

The first analysis involved miles traveled by the Division Inspector. The total mileage driven from 1997-2000 can be found at Appendix I. A close review of this data revealed that the Division Inspector drove approximately 30,000 in 1997 and 1998. During this two-year period, there were two persons performing inspections for the Division. In 1999, the Division's lone Inspector drove 32,000 miles, which represented a seven percent increase over the previous year. In 2000, the Division Inspector logged 13,000 additional miles (45,000), which represented a 40% increase from the previous year. The Division Inspector logs 13,000 more miles than anyone else in the agency.

The second analysis performed dealt with the number of units awarded annually. The Division provides funding to an average of 513 units per year. A review of the unit chart found at Appendix II shows that the number of units awarded has remained somewhat consistent during the period of review (1997-2000) with the exception of 1998. During that year, approximately 350 units were awarded. A direct correlation exists

between the number of units awarded in 1998 and the mileage logged by the Division Inspector for the proceeding year (1999). For instance, the number of units produced (construction/rehabilitation) in 1999 is the result of unit awards made in 1998. Thus, the Inspector's seven percent increase in mileage for 1999 was directly related to a decrease in units from the previous year.

The third analysis placed special emphasis on the physical location of the units awarded. As can be derived from the statewide unit maps noted as Appendix III, there appears to be a heavy and sustained concentration of units in the upper region of the state, while a low to moderate amount of concentration exists in the midlands and surrounding areas, with the lower region showing a high concentration of units in both Charleston and Beaufort counties over the four-year period.

The fourth analysis looked at the timeliness of inspections. When you stop to think it, there are only 20-23 working days in any given month. The Division Inspector tries to reserve one day each week for the completion of administrative work in the office. Therefore, the total amount of days available for inspections is decreased to approximately 16. The average number of inspection requests received each month is 21. Given these statistical abstracts, inspections appear to be a difficult undertaking when done alone.

When the Division had two Inspectors, requests for inspections were conducted within one week (five business days) of receipt of the request. The Division realized that any inspection delays could potentially cause major complications for recipients and their contractors. One example of such a complication would be a contractor who stops working until he is paid for work already completed. Good contractors may opt not to

participate in the program in the future because of delays associated with getting paid. These and other issues can be detrimental to a recipient and severely impact their ability to produce quality housing in a timely manner in the future. Even though the Division was able to escape this specific problem, it never acted in a proactive manner to mitigate any adverse/negative situations that may have resulted due to its inability to perform timely inspections.

In an attempt to verify how often the Division successfully met its objective, a review was conducted of the Division's inspection requests for three recipients over a one-year period (January 2000 through December 2000). The group was representative of one recipient from each region of the state (upper, midlands, lower), by activity (homeownership and rental), and by type of organization (nonprofit and for-profit). This analysis indicated that of the 61 requests, only nine or 15% of the housing inspections conducted last year for these three recipients were completed within five business days of receipt of the request. This arbitrary sampling indicates that the Division's objective was not met approximately 85% of the time.

The last and final analysis involved the recipient/customer. A customer satisfaction survey was developed to obtain feedback on the inspections performed by the division. A copy of the HOME Inspection Survey can be found at Appendix IV. The survey was conducted by telephone of all 2000 recipients (24) to whom awards were made. The survey addressed issues of satisfaction, the recipient's definition of timeliness, and problems encountered that could be attributed to inspection delays.

Each recipient was called to introduce them to the concept of the survey, and at that time, arrangements were made for a follow-up telephone call at an agreed upon time.

Upon completion of the call, each customer was faxed a copy of the survey to review and prepare responses. The survey participation rate was 92% and yielded the following results:

- *Q#1. How would you rate your satisfaction of the timeliness of the on-site inspections by the Division? Satisfied-45%; Dissatisfied-14%; and No opinion-41%*
- *Q#2. In your opinion, what is a reasonable timeframe for conducting an on-site inspection after the request is received by the Division? 4-7 days - 77%; 8-10 days - 13%; and No Response - 10%*
- *Q#3. What would you estimate is the timeframe between the receipt of your request by the Division and when the Inspector arrives for an inspection? 4-7 days - 22%; 8-10 days - 33%; 11+days - 23%; and No Response - 22%*
- *Q#4. Did you encounter any problems with your contractors because an on-site inspection was not timely? No - 77%; Yes - 13%; No Response - 10%*
Comments – Experienced problems trying to schedule inspections at times that were more convenient for customer and contractor
- *Do you have any other comments on how the Division could better serve you in this area? One Inspector cannot cover the state. He needs help (two respondents).*

The following is a summary of the data collected: 1) Inspections are required for compliance with agency policy as well as federal regulations, therefore, the frequency of inspections is not likely to decrease; 2) the number of units that have to be inspected has been consistent over the past years and is not likely to change; 3) the location and concentration of the units in most cases is what causes the Inspector to travel long distances frequently; 4) inspections are not being conducted in a timely manner 85% of the time; 5) less than half of our customers are satisfied with the timeliness of the Division's inspections; 6) Over 75% believe that inspections should be conducted within four to seven business days after receipt; 7) Over 75% stated that untimely inspections have not caused problems yet; and 8) The Division should hire another Inspector.

The Division Inspector's current workload has become too much for one inspector to handle and has been that way for over two years now. If permanent changes were made via additional personnel, not only would the current Inspector be provided with much needed relief from his present workload, but delayed inspections would consistently decrease while customer service satisfaction would increase. The Division would initially seek to hire one full-time state employee (FTE) or a fee-for-service (FFS) employee to assist with inspections.

The Implementation Plan found at Appendix V indicates the necessary next steps and a timetable for completing them. I will be responsible for initiating all steps outlined. My Supervisor as well as my staff will play key roles in this overall effort. Without their various inputs, all avenues may not be pursued or researched like they should be.

During the first meeting with my Supervisor during second week in April, I will present documentation of the need for additional personnel. Included in that presentation will be the option of either hiring a FTE or a FFS employee. The pros and cons associated with each option and a tentative budget will also be presented. Administrative program funding will be utilized to pay for this employee. Office space is limited, so accommodating a FTE would have to be very crafty.

After receiving preliminary approval from my Supervisor, I would then meet with my staff to present the FTE and FFS options. Continuous feedback will be sought from the staff as they will be looked upon to help revise (in the case of the FTE) or create (in the case of the FFS employee) operating procedures to ensure that each person within the

Division is operating at optimum efficiency, but especially that of the Inspector. A follow-up meeting will be scheduled and assignments given.

A follow-up meeting with my Supervisor will be held at the end of the month to finalize the approval of the type of position, space allocation (if necessary) and budget. If there remains any doubt as to the need for the position, I will be particularly persuasive by arming myself with the answers to anticipated questions that may have lingered from the previous meeting or be ready to field new ones.

The second meeting with staff will be held during the first week in May to review the results of their assignments with respect to new and/or revised operating procedures. At the conclusion, one last meeting will be scheduled to finalize operating procedures. A separate meeting will then be held with the Inspector to obtain input regarding job responsibilities and work region(s) of the new employee. The Inspector will also provide specific information as to the correct trade terminology and certifications needed for incorporation into the job vacancy notice or the Request for Qualifications (RFQ).

Upon completion requirements for the job vacancy notice or the RFQ in early June, the job will be posted. After the job is posted, the staff will have its last meeting to finalize operating procedures and incorporate the changes into the procedures manual. It is anticipated that the new employee will be hired during the month of July barring no delays in the approval process and assuming there are interested and qualified applicants.

I will continue to monitor complaints and delayed inspections on a monthly basis. However, a formal compilation will only occur quarterly beginning in July. Annual customer satisfaction surveys will be conducted during the month of March for a minimum of three years. Continuous follow-up would be required to monitor any

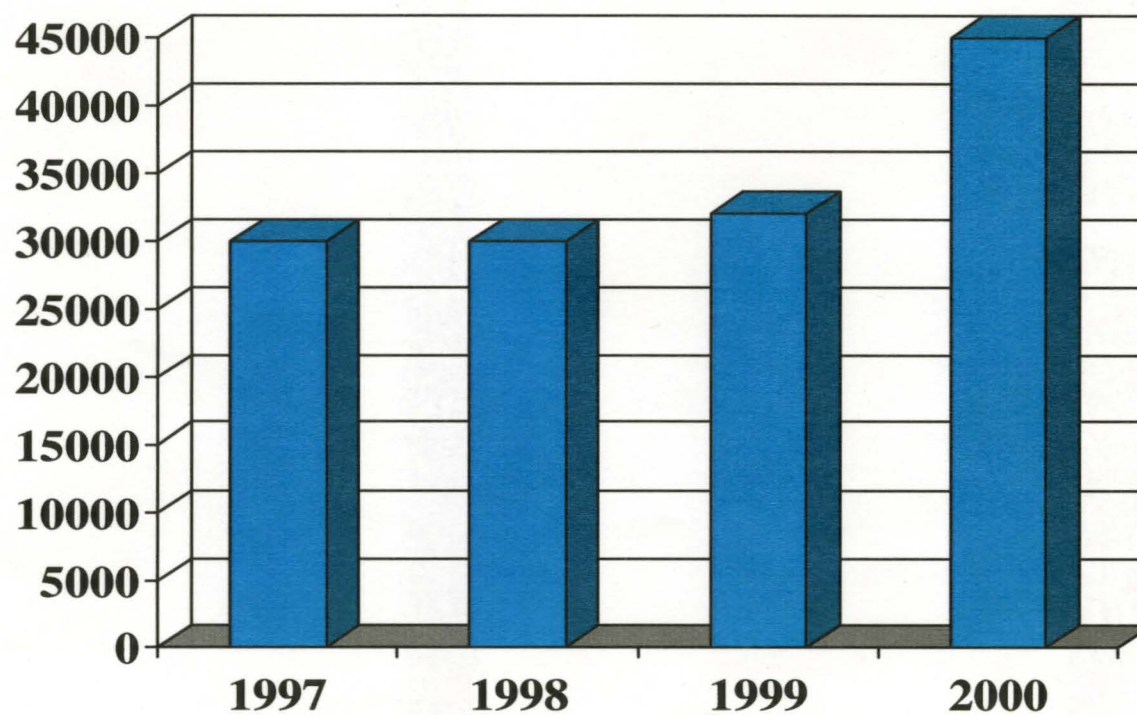
changes in variables (funding or unit increases or decreases, location, etc.) that may impact customer satisfaction or human resources.

This project sought to address a specific employee issue as well as a way to improve upon our customer service. When we successfully accomplish both goals, the Authority will experience triumph for actively exemplifying two of its core values, employee focus and customer focus. We all win.

BIBLIOGRAPHY

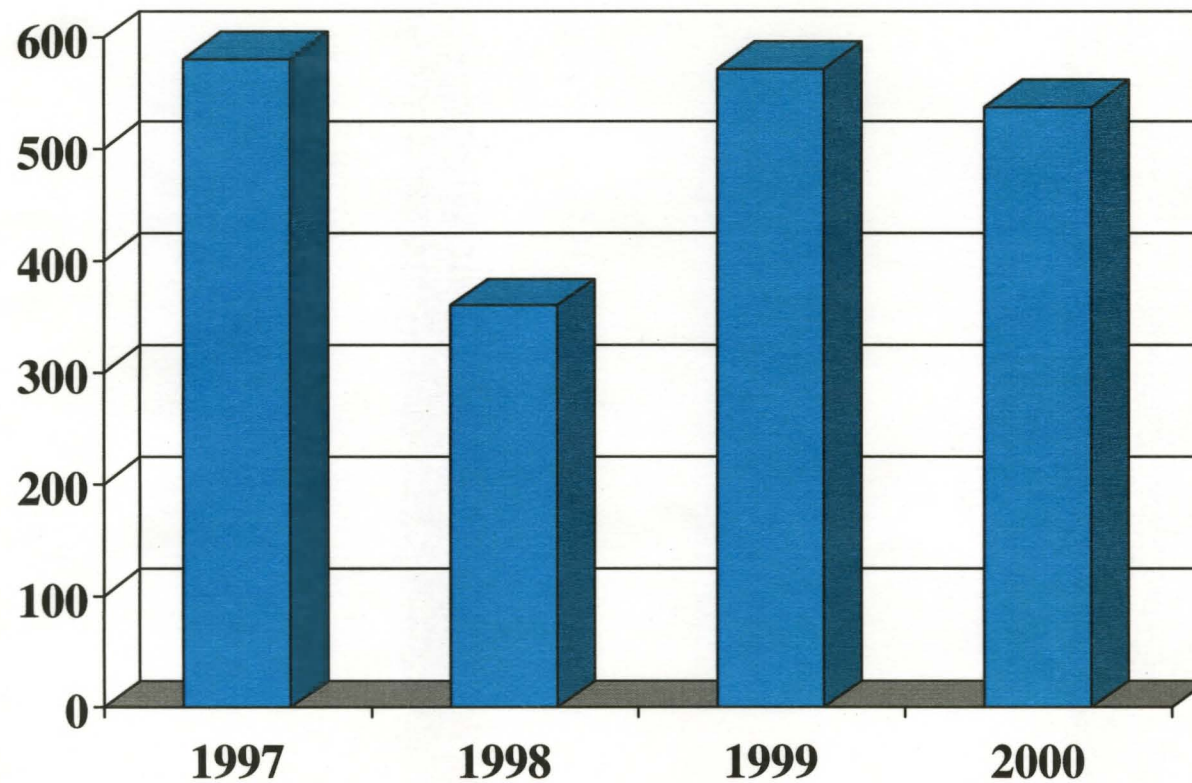
- South Carolina Budget and Control Board, Center for Education, Quality and Assessment, Organizational Assessment, Performance Measures, and the Annual Accountability Report.
- South Carolina Budget and Control Board, Center for Education, Quality and Assessment, Quality Management Skills.
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Total Mileage Driven

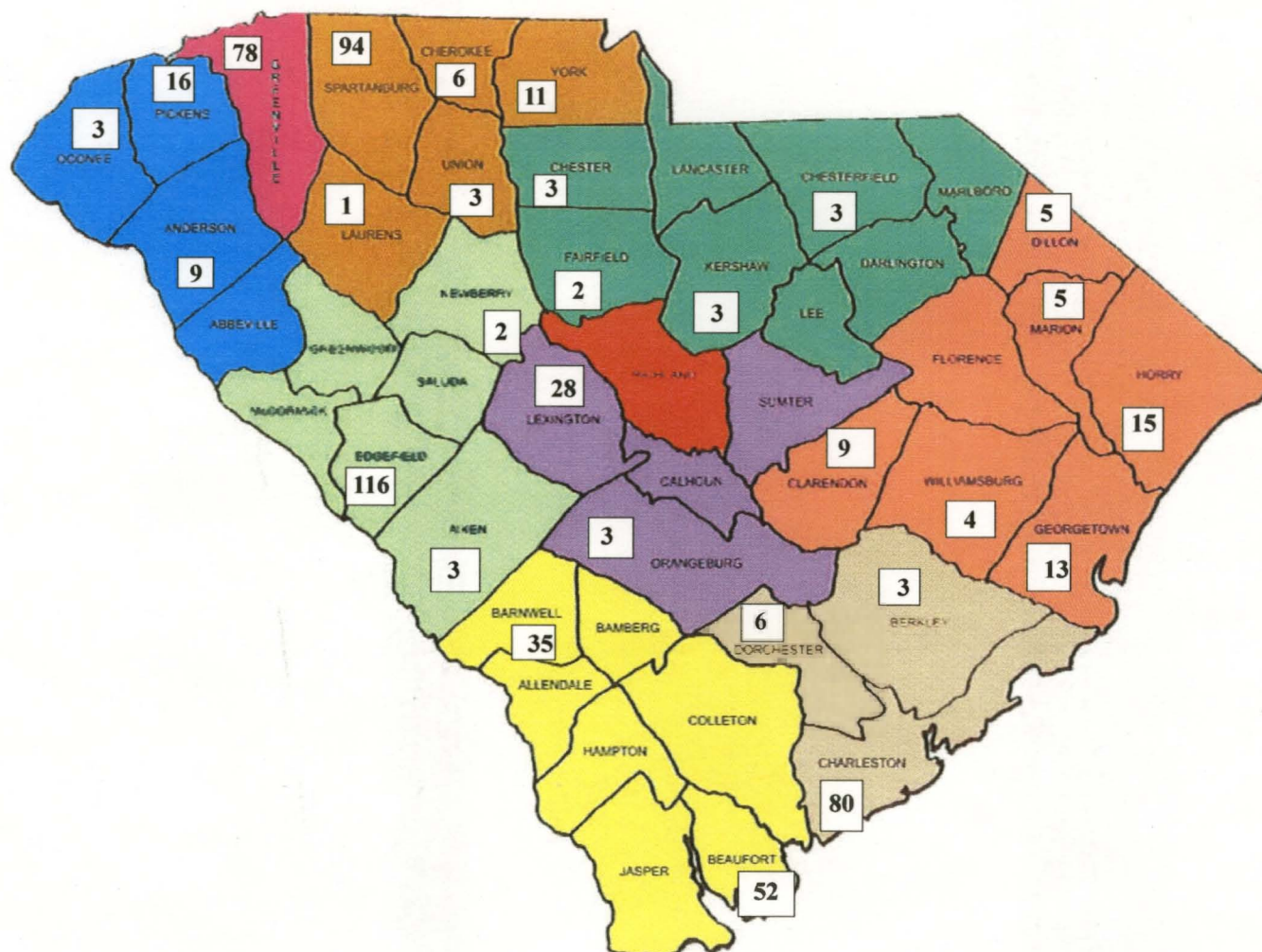


- Information obtained from Fleet Manager for the South Carolina State Housing Finance and Development Authority. No data is available from previous years.

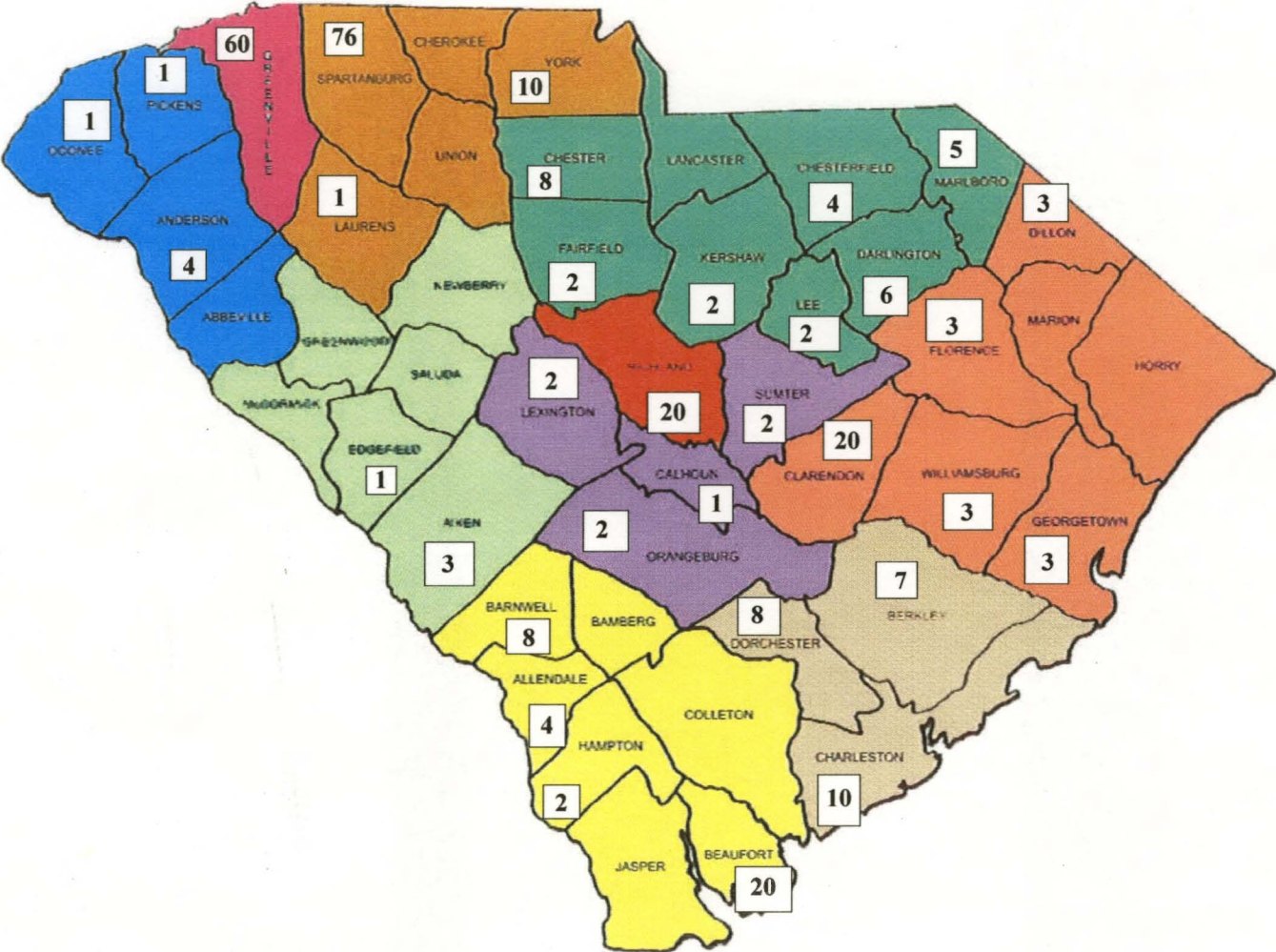
Total Number of Units Awarded



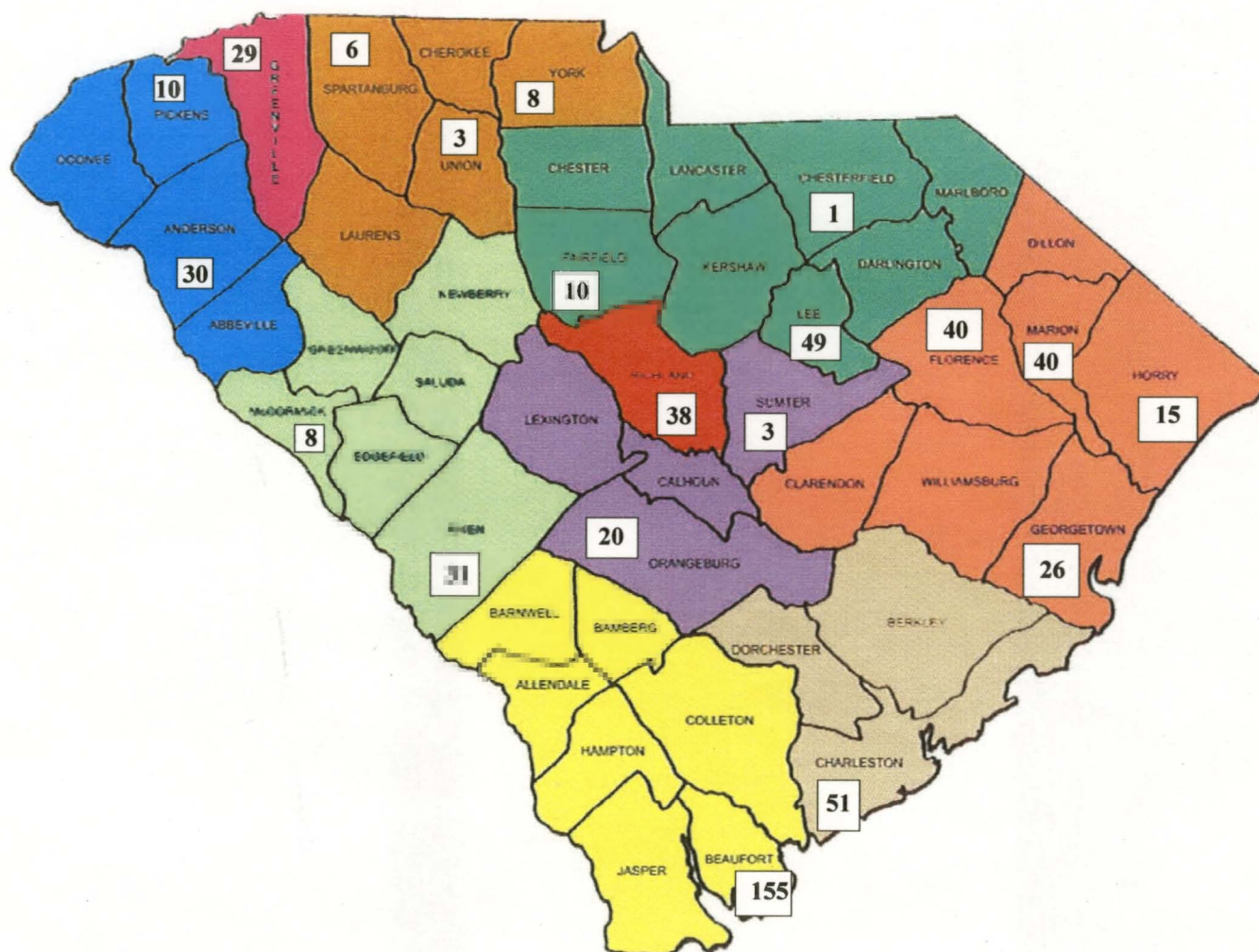
Number of Units in 1997



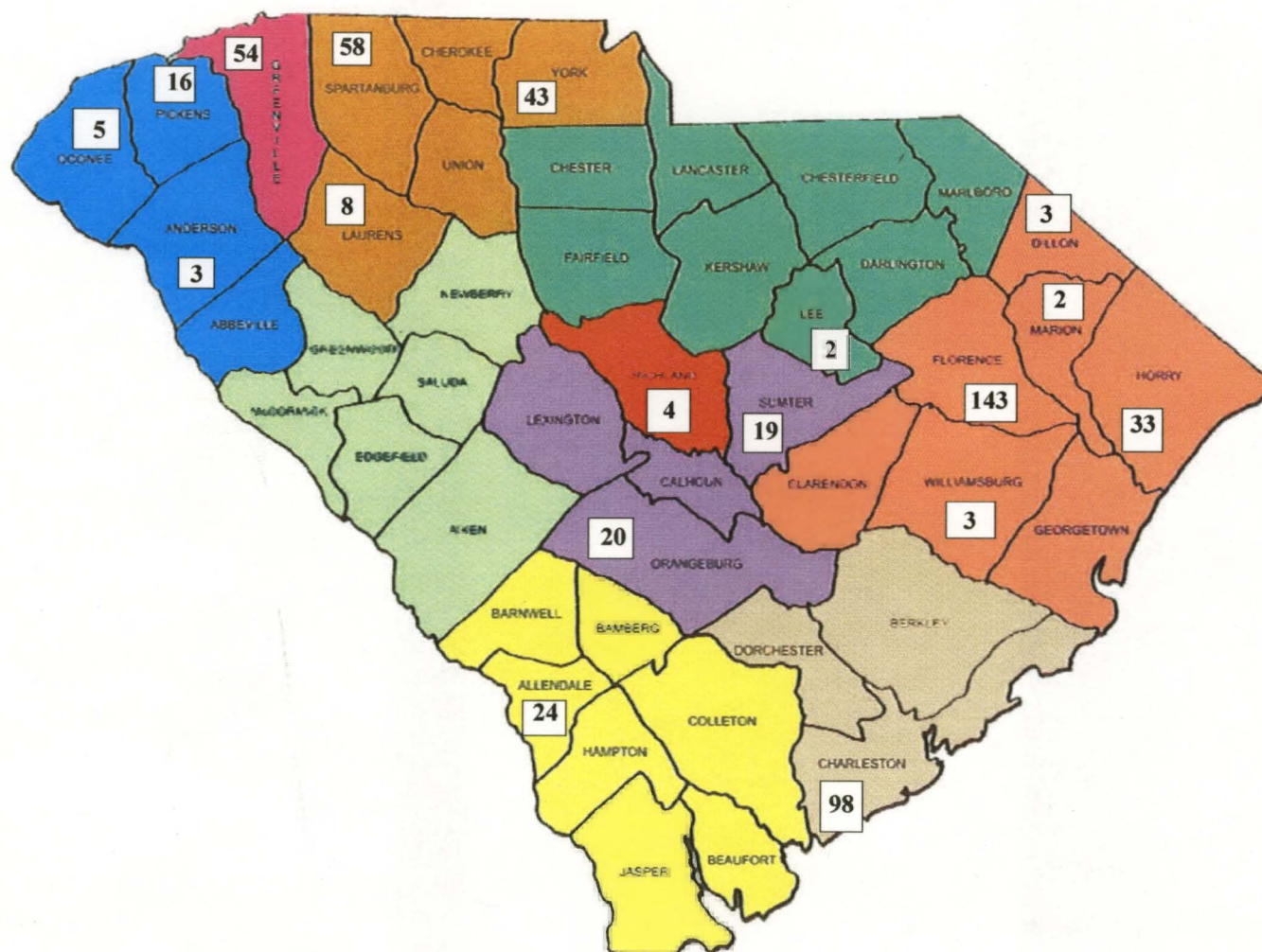
Number of Units in 1998

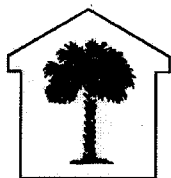


Number of Units in 1999



Number of Units in 2000





**South Carolina State Housing
Finance and Development Authority**
919 Bluff Road
Columbia, South Carolina 29201
(803) 734-2000

HOME Inspection Survey

The Housing Initiatives Division is conducting a survey on the timeliness of on-site inspections. Our goal is to improve our processes to the benefit of all recipients. Your participation in this survey is greatly appreciated!

Date: _____

Time: _____

Surveyor: _____

Recipient Information

- ➔ **Type of Activity:** ☐ Rental ☐ Homeownership ☐ Lease-Purchase
➔ **Type of Construction:** ☐ New ☐ Rehabilitation ☐ Down Payment/Closing Cost/Acquisition only

Recipient Name: _____

Telephone: () -

Title: _____

- ☐ New Recipient ☐ Repeat Recipient _____ # of HOME Awards
☐ Project Draws have begun ☐ Project Draws have not begun

Question 1.

How would you rate your satisfaction of the timeliness of on-site inspections by the Division?

- ☐ Very Satisfied ☐ Satisfied ☐ No Opinion ☐ Dissatisfied ☐ Very Dissatisfied

Question 2.

In your opinion, what is reasonable timeframe for conducting an on-site inspection after the request is received by the division?

- ☐ 1-3 business days ☐ 4-7 business days ☐ 8-10 business days ☐ 11+ business days

Question 3.

What would you estimate is the timeframe between the receipt of your request by the Division and when the Inspector arrives for an inspection?

- ☐ 1-3 business days ☐ 4-7 business days ☐ 8-10 business days ☐ 11+ business days

Question 4.

Did you encounter any problems with your contractors because an on-site inspection was not timely? If yes, briefly explain the problem and estimate the number of occurrences.

- ☐ Yes ☐ No

COMMENTS

Do you have any other comments on how the Division could better serve you in this area? Please be specific.

Thank you for your time!

IMPLMENTATION PLAN 2001

| <u>ACTIVITY</u> | <u>APRIL</u> | <u>MAY</u> | <u>JUNE</u> | <u>JULY</u> | <u>AUG.</u> | <u>SEPT.</u> | <u>OCT.</u> | <u>NOV.</u> | <u>DEC.</u> |
|--|--------------|------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Meet with Supervisor to discuss human resource needs; Pros and cons of position type (FTE, full-time employee or FFS, fee-for-service), budget, and office space limitations | 4-9 | | | | | | | | |
| Meet with staff to discuss the structure for each position type (FTE or FFS) and help develop or revise operating procedures for each scenario | 4-16 | | | | | | | | |
| Follow-up meeting with Supervisor to finalize approval of position type, space allocation and budget | 4-27 | | | | | | | | |
| Meet with staff to review operating procedures based on specific position type | | 5-1 | | | | | | | |
| Meet separately with Division Inspector to get input on job requirements and qualifications; assign work territory/region | | 5-1 | | | | | | | |
| Post job vacancy or Request for Qualifications | | | 6-1 | | | | | | |
| Meet with staff to finalize operating procedures and incorporate into procedures manual | | | 6-15 | | | | | | |
| Hire and train new person | | | | 7-15 | | | | | |
| Ongoing monitoring of complaints and delayed inspections compiled quarterly | | | | 7-30 | | | | 11-30 | |

IMPLEMENTATION PLAN 2002

| <u>ACTIVITY</u> | <u>JAN.</u> | <u>FEB.</u> | <u>MARCH</u> | <u>APRIL</u> | <u>MAY</u> | <u>JUNE</u> | <u>JULY</u> | <u>AUGUST</u> |
|---|-------------|-------------|--------------|--------------|------------|-------------|-------------|---------------|
| Ongoing monitoring of complaints and delayed inspections compiled quarterly | | | 3-29 | | | | 7-30 | |
| Survey recipients annually | | | 3/1 - 3/29 | | | | | |

In 1991, the Governor designated the SC State Housing Finance and Development Authority to administer a new federal housing program called the HOME Investment Partnerships Program (HOME) on behalf of the State of South Carolina. The HOME program is designed to increase affordable housing by developing partnerships between federal and state governments, units of local governments, nonprofit and for-profit organizations, lenders and community groups in an effort to leverage various sources of funding. In 1992, the agency placed the HOME Program under the Housing Initiatives Division (the Division) where approximately \$11M of HOME funds are distributed each year.

Because the Authority wants to ensure that all housing for which its funding is accessed is more than safe, decent and sanitary, the Division closely scrutinizes all housing to meet those expectations. In addition, program regulations dictate that funds are to be dispersed for "work in place" (work completed) only.

agency
file

Currently the Division has one Inspector whose job it is to inspect all units assisted with HOME funds prior to their release. All projects are in various stages of construction and require the Inspector's approval prior to the release of funds. In addition, these projects are not in a concentrated area, but statewide. The average number of units is 300 per year. The average number of visits per unit is four and the average mileage driven monthly is 3,800.

A previous attempt has been made by the Division to obtain the services of the other Inspector housed in another division of the Authority. This option was aborted after about three months due to lack of consistency with federal and other requirements (the HOME requirements are more restrictive than his existing program requirements) as well as other personnel related issues. While this option may be revisited, the overall increase of the workload is now a problem. Previously the other Inspector found time to assist the Division. This is no longer the case as both Inspectors now log approximately the same amount of mileage each month.

Current
situation

Not only are the Inspectors "road weary", but oftentimes inspections are not able to be conducted in a timely manner (within two weeks of notification) as once was the normal practice. An acceptable resolution would entail addressing the needs of recipients (timeliness of inspections and payments) as well as those of the Inspector (finding a way to provide needed relief).

goal?